



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
1600 EAST LAMAR BLVD
ARLINGTON, TEXAS 76011-4511

March 4, 2013

Mr. Edward D. Halpin
Senior Vice President and
Chief Nuclear Officer
Pacific Gas and Electric Company
Diablo Canyon Power Plant
P.O. Box 56, Mail Code 104/6
Avila Beach, CA 93424

SUBJECT: ANNUAL ASSESSMENT LETTER FOR DIABLO CANYON POWER PLANT
UNITS 1 AND 2 (REPORT 05000275/2012801 AND 05000323/2012801)

Dear Mr. Halpin:

On February 12, 2013, the NRC completed its end-of-cycle performance review of Diablo Canyon Power Plant, Units 1 and 2. The NRC reviewed the most recent quarterly performance indicators (PIs) in addition to inspection results and enforcement actions from January 1, 2012, through December 31, 2012. This letter informs you of the NRC's assessment of your facility during this period and its plans for future inspections at your facility.

The NRC determined that overall, Diablo Canyon Power Plant, Units 1 and 2 operated in a manner that preserved public health and safety and met all cornerstone objectives. The NRC determined the performance at Diablo Canyon Power Plant, Units 1 and 2 during the most recent quarter was within the Licensee Response Column of the NRC's Reactor Oversight Process (ROP) Action Matrix because all inspection findings had very low (i.e., green) safety significance, and all PIs indicated that your performance was within the nominal, expected range (i.e., green). Therefore, the NRC plans to conduct ROP baseline inspections at your facility.

The NRC determined that a cross-cutting theme in the human performance decision-making component initially identified during the Mid-cycle 2012 Assessment continued to exist. Specifically, four findings were identified during the assessment period that had primary causal factors involving the failure to use conservative assumptions in decision-making such that licensee decisions demonstrate that nuclear safety is an overriding priority [H.1(b)]. The NRC has determined that a substantive cross-cutting issue associated with H.1(b) does not exist because the NRC does not have a concern with your staff's scope of effort and progress in addressing the cross-cutting theme. We recognize that you have completed an apparent cause evaluation and a root cause analysis, and have implemented corrective actions for the identified common causes. The NRC will continue to monitor your staff's effort and progress in addressing the theme until the theme criteria are no longer met.

The enclosed inspection plan lists the inspections scheduled through June 30, 2014. Routine inspections performed by resident inspectors are not included in the inspection plan. The inspections listed during the last nine months of the inspection plan are tentative and may be revised at the mid-cycle performance review. The NRC provides the inspection plan to allow for the resolution of any scheduling conflicts and personnel availability issues. The NRC will contact you as soon as possible to discuss changes to the inspection plan should circumstances warrant any changes. This inspection plan does not include security-related inspections, which will be sent via separate, non-public available correspondence.

From January 1 to December 31, 2012, the NRC issued one Severity Level III and two Severity Level IV traditional enforcement violations associated with Green findings. The NRC considered whether to conduct Inspection Procedure 92723, "Follow-Up Inspection for Three or More Severity Level IV Traditional Enforcement Violations in the Same Area in a 12-Month Period." Because the actual violations occurred over a 9-year period, we have concluded that these three violations do not represent a current performance trend. Therefore, we will review these violations during normal baseline inspections and do not plan to conduct a separate review.

In accordance with 10 CFR 2.390 of the NRC's Rules of Practice, a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Please contact me at 817-200-1141 with any questions you have regarding this letter.

Sincerely,



Neil O'Keefe, Chief
Project Branch B
Division of Reactor Projects

Docket Nos. 50-275, 50-323
License Nos. DPR-80, DPR-82

Enclosure:
Diablo Canyon Power Plant Inspection/Activity Plan

Diablo Canyon

Inspection / Activity Plan

03/01/2013 - 06/30/2014

| Unit Number | Planned Dates Start End | Inspection Activity | Title | No. of Staff on Site |
|-------------|----------------------------|---|--|-------------------------|
| 1, 2 | 01/01/2013 06/30/2013 | 2515/182 - UNDERGROUND PIPING PHASE 1 | Review of the Implementation of the Industry Initiative to Control Degradation of Underground Piping | 2 |
| 1, 2 | 01/01/2013 12/31/2013 | 2515/187 - FLOODING WALKDOWNS | Inspection of Near-Term Task Force Recommendation 2.3 Flooding Walkdowns | 2 |
| 1, 2 | 01/01/2013 12/31/2013 | 2515/188 - SEISMIC WALKDOWNS | Inspection of Near-Term Task Force Recommendation 2.3 Seismic Walkdowns | 2 |
| 1, 2 | 05/13/2013 05/31/2013 | INSP - LICENSED OPERATOR REQUAL INSP | Licensed Operator Requalification Program | 3 |
| 1, 2 | 06/10/2013 07/12/2013 | EB1-21 - COMPONENT DESIGN BASIS INSPECTION | Component Design Bases Inspection | 7 |
| 1, 2 | 08/05/2013 08/09/2013 | PSB2-RP - RADIATION SAFETY | Occupational ALARA Planning and Controls | 2 |
| 1, 2 | 08/05/2013 08/09/2013 | EB1-07T - TRIENNIAL HEAT SINK INSPECTION | Heat Sink Performance | 2 |
| 1, 2 | 09/09/2013 09/13/2013 | EP-2 - PI VERIFICATION - EP | Drill/Exercise Performance | 1 |
| 1, 2 | 11/18/2013 11/22/2013 | EP1 - BIENNIAL PROGRAM INSPECTION | Alert and Notification System Testing | 1 |
| 1, 2 | 11/18/2013 11/22/2013 | EB1-17T - TRIENNIAL PERM PLANT MODS & 50.59 | Emergency Preparedness Organization Staffing and Augmentation System | 3 |
| 1, 2 | 01/27/2014 02/07/2014 | | Correction of Emergency Preparedness Weaknesses and Deficiencies | |
| 1, 2 | 01/27/2014 02/07/2014 | | Evaluations of Changes, Tests, or Experiments and Permanent Plant Modifications | |

This report does not include INPO and OUTAGE activities.

This report shows only on-site and announced inspection procedures.